

African Development Bank  
**BUSINESS OPPORTUNITIES SEMINAR**

**Doing Business with the  
African Development Bank**  
*Part 1*



*Nairobi,* **Kenya**

**October 02 - 04, 2017**

**Crowne Plaza Hotel**



**AfDB BOS**



AFRICAN DEVELOPMENT BANK GROUP



1. **AfDB, Your business Partner**
2. The Private Sector at AfDB
3. Support in Sector and Success stories



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# 1. AfDB: Your Business Partner

**The prime Development Finance Institution in Africa**

Established in 1964

Institutions of the African Development Bank Group: African Development Bank + African Development Fund + Nigeria Trust Fund

Mission - To spur sustainable economic development and social progress in Africa thus contributing to poverty reduction

## Key Facts

- AAA Credit Rating
- Authorized Capital: USD 105 billion
- Private Sector Portfolio: USD 9 billion
- Shareholders: 54 African countries  
26 Non African countries



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# 1. AfDB: Your Business Partner

PSD under all **High 5** for transforming Africa



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1. AfDB, a business Partner
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## 2. The Private Sector at AfDB

### Engine of Sustainable and Inclusive Economic Growth

**To assist African governments to improve the enabling environment for the private sector**

- improving the business environment
- strengthening institutions and financial systems
- promotion of regional integration and trade

**To create a catalytic and demonstration effect by assisting entrepreneurs with specific transactions**

- Financing to the private sector (mining, oil & gas, manufacturing, agri-business, healthcare/education, power, transport, ICT, water; Financial intermediaries)
- creation of a demonstrative effect that attract resources from other donors



## 2. The Private Sector at AfDB

### Private Sector Financing Instruments

#### Senior Debt

- Adapted maturities (up to 15 years)
- Up to 5 years grace period
- Foreign or local currency loans
- Up to 1/3 of total project cost
- Syndication—co-financing platform

#### Guarantees

- Partial risk guarantee
- Partial credit guarantee

#### Subordinated Debt

- Local and foreign currency
- Ranging from sub-debt to quasi equity products
- Terms (tenor and grace period) similar to senior debt

#### Equity

- Indirect, through Private Equity funds
- Direct, maximum of 25%

#### Technical Assistance

- Capacity building support
- SME Linkages programs
- Advisory Services



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## 2. The Private Sector at AfDB

### Eligibility Criteria

#### To Apply for Financing in African Development Bank

- The project sponsor's company(s) must be incorporated in an African country, whether promoted by African or Non-African investors
- An enterprise whose majority is owned by private investors, or owned publically with a strong financial standing and a proven managerial autonomy
- Projects for establishment, expansion, diversification, modernization of a productive enterprise (CAPEX-driven) – total USD 30mln and above
- Sponsors with a satisfactory track-record in the sector and financial capacity
- Evidence of adequate management skills for the new undertakings



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## 2. The Private Sector at AfDB

### Private Sector Investment Criteria

#### 1.Strategic alignment

- ⑩ Country's national economic and social priorities
- ⑩ Bank's strategy in the country/region

#### 2.Commercial viability

- ⑩ Sector's perspectives and market fundamentals
- ⑩ Financial structure
- ⑩ Sponsor's track record, experience and financial strength
- ⑩ Cash flows and rate of return

#### 3.Development outcomes

- ⑩ Job creation, households benefits
- ⑩ Fiscal revenues (taxes, royalties etc..)
- ⑩ Environmental and Social performance
- ⑩ Private sector development and Local content

#### 4.Additionality

- ⑩ Structuring and Operations
- ⑩ Political risk mitigation
- ⑩ Catalytic role



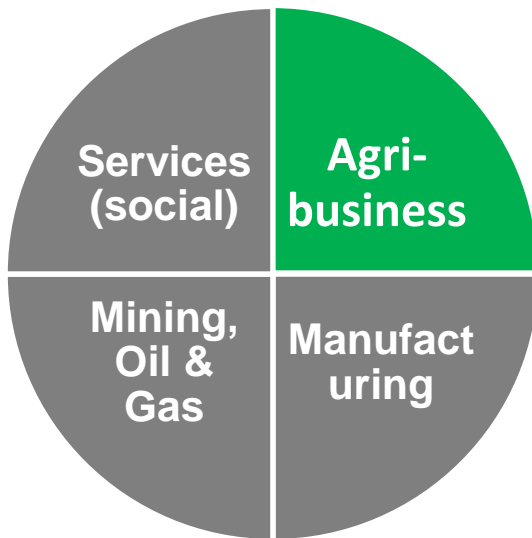
1. AfDB, YOUR business Partner
2. The Private Sector at AfDB
3. **Support in Sector (Agribusiness, Mining/Oil&Gas, Manufacturing, Services)**



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## 4. Support in Sector

### Agribusiness: Feed Africa



focuses on transactions which:

**Contribute** to Food Security in Africa

**Target** an agro-processing component, strengthening the value chain (food crops, forestry, sugar/palm/rubber, etc.)

**Address** the needs of local and/or regional markets

**Promote**

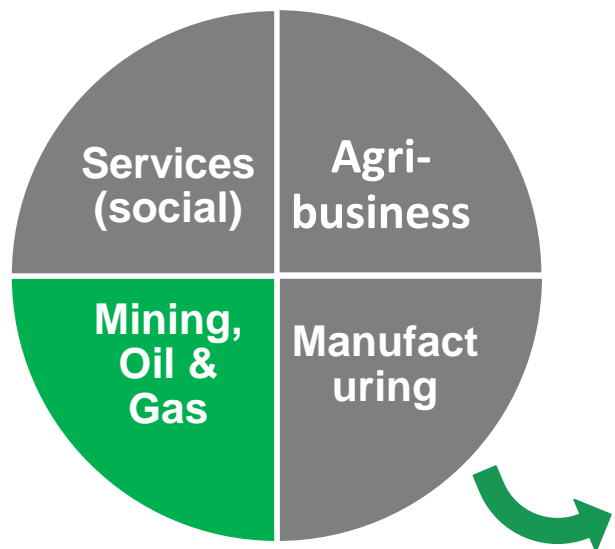
- Out-grower schemes and SME business linkages
- transfer of skills and technologies

**Comply** with the highest environmental and social practices (including no land conversion)



## 4. Support in Sector

### Mining and Oil & Gas: Industrialize Africa



focuses on transactions which:

**Contribute** to industrial development

**Target** an industrial component, providing local transformation and value addition (industrial mineral, ferrous/base metal; gas-based fertilizer, oil refineries, LNG, CTL, LPG refining and distribution, etc.)

**Address** the needs of local governments and economies

**Promote**

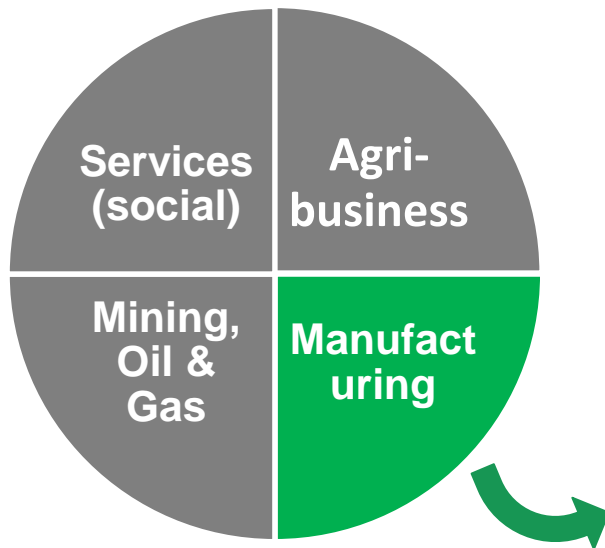
- local content participation and backward/forward linkages with local SMEs
- technologies transfer and local training
- communities development/ CSR

**Comply** with the AfDB's environmental guidelines and the regulations of the respective country



## 4. Support in Sector

### Manufacturing: Industrialize Africa



focuses on transactions which:

**Contribute** to industrial development

**Target** imports substitution in processing industries (steel, cement, float glass, paper, textile, etc.)

**Address** the needs of local governments and economies

**Promote**

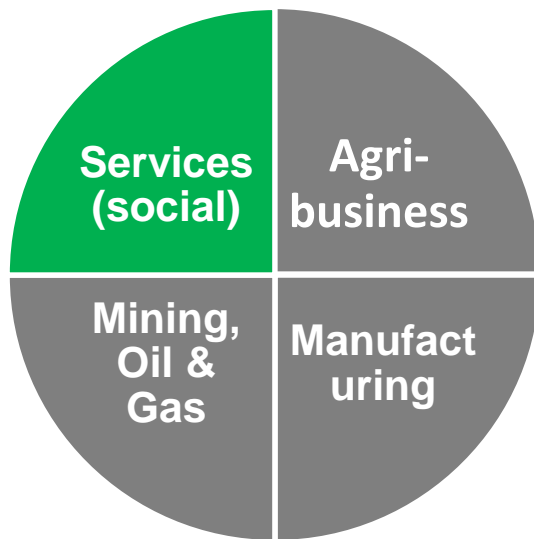
- support programs for SMEs
- technologies transfer and local training
- communities development/ CSR

**Comply** with the transparency principles to be environmentally and socially sustainable



## 4. Support in Sector

**Social Sectors:** Improve the Quality of Life



focuses on transactions which:

**Contribute** to inclusive and equitable growth

**Target** schools'(tertiary) and hospitals'(specialized) activities, pharmaceutical manufacturing and distribution, business hotels (in fragile states), retail (commercial properties)

**Address** the needs of local communities, challenges from weak institutional framework, high cost of capital, and short track-record

**Promote**

- technologies transfer and local training
- local production and distribution
- Broad based development through community outreach program and/or subsidized program for the BoP



## 4. Support in Sector- Success story

### NYUMBA YA AKIBA SARL (NYUMBA) ■

- Investment of US\$ 239 million to design, build and operate the “Nyumba Ya Akiba” greenfield cement plant in DRC with a total capacity of 1.2 million tons per annum
- ADB Senior loan US\$ 30 million and guarantee US\$ 30 million
- Benefits
  - Production of Cement started in Dec, 2016; 350 employees are being hired, mostly from the local population and trained as per international standard
  - Yearly income tax revenues c. US\$ 16 million per annum
  - Annual savings of US\$ 150 million due to import substitution of cement for the Gov.



More on [www.afdb.org](http://www.afdb.org)

Private sector web page:

<http://www.afdb.org/en/topics-and-sectors/sectors/private-sector/>

Application checklist:

<http://www.afdb.org/en/topics-and-sectors/sectors/private-sector/how-to-work-with-us/>

AfDB Integrated Safeguards System:

<http://www.afdb.org/en/documents/document/afdb-integrated-safeguards-system-policy-statement-and-operational-safeguards-34993/>



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